

REPORT
OF
THE POSTMASTER GENERAL,
COMMUNICATING,

In compliance with a resolution of the Senate, copies of the contracts of Daniel H. Johnson and Cornelius Vanderbilt, for transporting the mails between New York, New Orleans, and San Francisco, via the Isthmus, together with the correspondence relating thereto.

MAY 4, 1860.—Read, and ordered to lie on the table.
MAY 22, 1860.—Ordered to be printed.

POST OFFICE DEPARTMENT,
Washington, May 2, 1860.

SIR: In obedience to the resolution of the Senate of the 23d April last, I have the honor to transmit herewith copies of the contracts of Daniel H. Johnson and Cornelius Vanderbilt for the service between New York, New Orleans, and San Francisco, *via* the Isthmus, together with an abstract of the several bids made for such service, and copies of the correspondence, fully explaining the action of the department on the subject.

It is proper to add, that the gross amount of postages on mails received and sent by the Vanderbilt line of steamers, from October 8, 1859, to March 24, 1860, inclusive, was \$37,348 94.

I am, very respectfully, your obedient servant,

J. HOLT.

Hon. J. C. BRECKINRIDGE,
Vice-President of the United States.

Copy of circular letter inviting proposals.

POST OFFICE DEPARTMENT,
Washington, April 7, 1859.

SIR: I am requested by the Postmaster General to inform you that he is prepared to receive and consider proposals for transporting the mails of the United States between New York and San Francisco, and between New Orleans and San Francisco, for a period of nine months, from the 1st of October next to the 30th of June, 1860, inclusive.

Proposal should state the number of trips per month, the time to be

occupied each way, the intermediate ports embraced in the route or routes, the amount of compensation, &c., and must be accompanied with a full and satisfactory guarantee that the party or parties proposing are prepared to perform the designated service, and will, if their proposal is accepted by the Postmaster General, enter into contract with the department, with good and sufficient sureties for the faithful performance of the same, during the period named.

I am, very respectfully, your obedient servant servant,

HORATIO KING,

First Assistant Postmaster General.

P. S.—Proposals will be received at the department until three, p. m., of Saturday, the 30th of April, instant.

H. K.

In answer to the foregoing call, the department received the following bids for nine months' service, viz:

Bids for service both from New York and New Orleans.

1. Daniel H. Johnson, for semi-monthly service between New York and San Francisco, and between New Orleans and San Francisco, *via* Key West and Isthmus of Nicaragua, (in twenty-three days from and to New York, and twenty days from and to New Orleans,) at the sum of \$162,000.

2. William C. Barney, for semi-monthly service between New York and San Francisco, and between New Orleans and San Francisco, *via* Havana and Isthmus of Nicaragua, (in twenty-three days from New York and twenty-one days from New Orleans, returning in twenty-two days to New York and nineteen days to New Orleans,) at the sum of \$178,200.

3. William C. Barney, for like service, *via* Key West and Isthmus of Nicaragua, in same time each way, at \$215,010.

4. William C. Barney, for like service, *via* Havana and Isthmus of Nicaragua, embracing Savannah, Georgia, as a third Atlantic terminus, in same time each way, at \$237,600.

5. William C. Barney, for like service, between New York and San Francisco, and New Orleans and San Francisco; steamships to run *direct* from New York and New Orleans, to and from the Isthmus of Nicaragua, (in twenty-two days from New York, and twenty days from New Orleans to San Francisco, returning in twenty-one days from San Francisco to New York, and nineteen days from San Francisco to New Orleans,) at \$268,200.

Bids for service from New York only.

6. Cornelius Vanderbilt, for semi-monthly service between New York and San Francisco, *via* Isthmus of Panama, (exclusive of the Isthmus transportation,) in twenty-three days each way, at \$37,500, with privilege to transfer service to route *via* Nicaragua, at \$37,500

additional for the Isthmus transit *via* Nicaragua, making full pay for service *via* Nicaragua, \$75,000.

7. The Panama Railroad and Pacific Mail Steamship Companies' joint bid for semi-monthly service between New York and San Francisco, *via* Isthmus of Panama, in twenty-two days each way, at the sum of \$199,000, the Pacific company guaranteeing a connection with the Pacific terminus of the Tehuantepec route. Also, for same service, with same conditions, "the compensation to be adjusted by the department, upon consideration of the proposals for similar through service."

Bids for service from New Orleans only.

8. Cornelius Vanderbilt, for semi-monthly service between New Orleans and San Francisco, either *via* Panama or *via* Nicaragua, in from eighteen to twenty-three days each way, at the sum of \$150,000—the Isthmus transportation not included, if the mails should be carried *via* Panama.

9. The Louisiana Tehuantepec Company, for semi-monthly service between New Orleans and San Francisco, *via* Isthmus of Tehuantepec, touching at Acapulco, on the Pacific, at the sum of \$420,000, the service on the Pacific to be performed in connection with the steamers belonging to the Pacific Mail Steamship Company.

Or, for semi-monthly service between New Orleans and Ventosa, *via* Isthmus of Tehuantepec, at the sum of \$210,000, the time occupied to be from fifteen to seventeen days each way.

POST OFFICE DEPARTMENT, *May 9, 1859.*

SIR: I am instructed by the Postmaster General to inform you that your proposals of the 29th ultimo, for the service between New York and San Francisco, and between New Orleans and San Francisco, connecting at Key West, for nine months from first October next, amounting in the aggregate to one hundred and sixty-two thousand (162,000) dollars, have been accepted, and that articles of contract, for execution, will be transmitted in due time.

I am, very respectfully, your obedient servant,

HORATIO KING,

First Assistant Postmaster General.

DANIEL H. JOHNSON Esq.,
New York.

[Private.]

POST OFFICE, *New York, May 17, 1859.*

DEAR SIR: Having observed various paragraphs in the newspapers referring to the late award of the contract for carrying the mails be-

tween this city and San Francisco, in some of which the character of the bid and the responsibility of the bidder of the successful party were questioned, and feeling assured that you desired as full and explicit a knowledge of the matter as was possible to obtain, I caused myself to be put in communication with Mr. Daniel H. Johnson.

After a free and full conversation with him on two occasions—the last one this morning—I am convinced that he intends in good faith to perform the service, and he assures me that the names of the parties in interest are highly responsible and of great respectability, and that their names would have transpired before this but for the fact that some matters of detail are yet to be settled; that when this is done their names will be given to you.

Permit me, however, to suggest the propriety of forwarding on the contract, that the parties may thus be hurried up, and that you may thus be enabled to know the character of those on whom the burden of the contract is to rest. Let me add that I have thus written solely with the view of aiding and forwarding the final determination of the matter, and that in all matters of investigation as to the character and responsibility of the parties, my aim shall be to give you all the information I can obtain, for your better guidance in matters relating to the bid.

The responsibility of the sureties to the bid is ample, and Mr. Johnson assures me that, in all things, he is sincere and determined, and that the character of the parties, who will soon appear, will justify him and his proposal.

Hoping that you will take occasion to instruct me in the premises, I am, very truly,

ISAAC V. FOWLER,
Postmaster.

POST OFFICE DEPARTMENT,
Washington, May 18, 1859.

SIR: I inclose herewith the draft of a contract, to be executed by Daniel H. Johnson and his sureties, which I have caused to be prepared under his accepted bid, for transporting the mails between New York and New Orleans and San Francisco, *via* Key West, semi-monthly, for nine months, commencing October 1, 1859, and ending June 30, 1860.

The provisions of this contract are the same as those embraced in the existing contract from New Orleans to San Francisco, *via* the Isthmus of Tehuantepec, and the stipulations therein are those uniformly inserted in other mail contracts.

I also inclose, on a separate sheet, a schedule of departures and arrivals, allowing twenty-three days between New York and San Francisco, and twenty days between New Orleans and San Francisco, agreeably to Mr. Johnson's bid, which, if satisfactory, you will please cause to be copied upon the contract before its execution.

The Postmaster General desires that you will attend to having this

contract executed by the contractor, with good and sufficient sureties, as soon as practicable, and return it to him.

I am, very respectfully, your obedient servant,

HORATIO KING.

ISAAC V. FOWLER, Esq.,

Postmaster, New York, N. Y.

Schedule days of departures and arrivals for the contract period of nine months, commencing October 1, 1859, and ending June 30, 1860.

Leave New York on the 5th and 20th, and New Orleans on the 8th and 23d, of each month, and arrive at San Francisco within twenty-three days thereafter, from New York, and within twenty days from New Orleans.

Returning.

Leave San Francisco on the 5th and 20th of each month, and arrive at New Orleans within twenty and at New York within twenty-three days thereafter.

When the regular sailing day from either end of the route falls on a Sunday, the departure is to be made on the following Monday.

[Confidential.]

NEW YORK, *May 19, 1859.*

DEAR SIR: The inclosed note I have just received. The parties associated with me are now engaged in settling the terms of purchase of five ocean steamers for cash, and desire that neither their names or their business be known until all is concluded.

If *positively required*, they will of course sign the contract as sureties, but prefer delaying it until next week. I most respectfully ask can this indulgence be granted?

The imperative tone of the letter inclosed has induced this application to you.

I have the honor to be, very respectfully, your obedient servant,

DANIEL H. JOHNSON.

Hon. J. HOLT,

Postmaster General.

[Inclosure.]

POST OFFICE, NEW YORK,
May 19, 1859.

SIR: The postmaster desires me to inform you that the mail contract, executed on the part of the Postmaster General, has been forwarded here for immediate execution by you and sureties.

Please send me the names of the sureties, that I may enter them in the contract at once.

Very respectfully, your obedient servant,

WILLIAM CALDWELL,
Assistant Postmaster.

DANIEL H. JOHNSON, Esq.,
Contractor, &c.

POST OFFICE DEPARTMENT,
May 20, 1859.

SIR: In answer to your letter of the 19th instant, I am directed by the Postmaster General to inform you that objection will not be made to delaying until next week the execution of your contract, and you will be pleased so to advise Mr. Fowler, the postmaster.

I am, very respectfully, your obedient servant,

HORATIO KING.

DANIEL H. JOHNSON, Esq.,
New York.

POST OFFICE DEPARTMENT,
Washington, May 24, 1859.

SIR: I have the honor to inform you that a temporary contract has recently been awarded to Mr. Daniel H. Johnson, of New York, for the conveyance of the United States mail, semi-monthly, in steamships, steamboats, and land carriages, from the 1st of October, 1859, to the 30th of June, 1860, inclusive, between New York and San Francisco, and New Orleans and San Francisco, *via* Key West, Florida, San Juan del Norte, Virgin Bay, and San Juan del Sur, in the State of Nicaragua.

I beg, therefore, to suggest that the Nicaraguan government be officially informed of this arrangement, and requested to adopt such measures as may be necessary to protect the mails in their transit across the Isthmus.

I am, very respectfully, your obedient servant,

J. HOLT.

Hon. LEWIS CASS,
Secretary of State.

DEPARTMENT OF STATE,
Washington, May 24, 1859.

SIR: I have the honor to acknowledge the receipt of your letter of this date, relative to a certain arrangement for the conveyance of the United States mail between New York and San Francisco, and New

Orleans and San Francisco, and to state, in reply, that your request regarding the matter has been complied with.

I have the honor to be, very respectfully, sir, your obedient servant,
LEWIS CASS.

Hon. JOSEPH HOLT, *Postmaster General*.

POST OFFICE DEPARTMENT,

Washington, May 25, 1859.

SIR: Circumstances have transpired since my letter to you of the 20th instant which render it necessary for the Postmaster General to insist upon the immediate execution by yourself and sureties of the contract for the mail service to and from San Francisco, *via* Nicaragua, which was transmitted to the postmaster of New York on the 18th instant.

Mr. Fowler has therefore been requested to require its prompt execution and return to the department.

I am, very respectfully, your obedient servant,

HORATIO KING.

DANIEL H. JOHNSON, Esq., *New York, N. Y.*

POST OFFICE DEPARTMENT,

Washington, May 25, 1859.

SIR: The Postmaster General requests me to state that, from information received this morning, he deems it important to require the prompt execution by Daniel H. Johnson and sureties of the contract for mail service to California transmitted to you on the 18th instant.

You will, of course, see that the sureties offered by Mr. Johnson are persons of undoubted means and responsibility, that the department and the public may have an ample guarantee that the mails will be faithfully carried according to contract.

I am, very respectfully, your obedient servant,

HORATIO KING.

ISAAC V. FOWLER, Esq.,

Postmaster, New York, N. Y.

POST OFFICE, *New York, May 26, 1859.*

SIR: In reply to yours of yesterday, permit me to state the action taken relative to the contract to be executed by Daniel H. Johnson.

Immediately on its receipt, on Thursday last, the 19th instant, I communicated in writing the fact of its reception, and that I awaited its execution, with all due diligence. Mr. Johnson assured me that his sureties, who were to be unexceptionable in every point, would be immediately forthcoming. On Saturday last, in reply to a note from me asking for the execution of the contract, he showed to me a letter

from you, in which you said, "That objection will not be made to delaying until next week the execution," &c. Presuming that "until next week" was not intended to include the whole week, I again, on Tuesday, the 24th instant, addressed Mr. Johnson and received a reply, of which the inclosed is a copy. In this note he fixed the time for executing the contract for this day. To-day Mr. Johnson called and gave me the names of Asa Tift, of Key West, Florida, and Henry Churchill, of Connecticut, with very respectable city references. I shall inquire into the circumstances fully.

Mr. Johnson asserts that, in case these sureties are not in every way acceptable, he will give me the names of additional sureties, so there can be no cavil.

Will you please say to me by return mail what sum in the aggregate the sureties should be worth in order to exact a compliance with the terms of the contract.

Very respectfully, your obedient servant,

ISAAC V. FOWLER, *Postmaster.*

HORATIO KING, Esq.,

First Assistant Postmaster General.

POST OFFICE DEPARTMENT,

Washington, May 27, 1859.

SIR: In answer to the inquiry made in the concluding paragraph of your letter of 26th instant, I am requested by the Postmaster General to state that the sureties offered by Mr. Johnson should be worth, in the aggregate, at least two hundred thousand dollars.

I am, very respectfully, your obedient servant,

HORATIO KING.

ISAAC V. FOWLER, Esq.,

Postmaster New York, New York.

POST OFFICE, NEW YORK, *May 30, 1859.*

SIR: Relative to the execution of the contract by Daniel H. Johnson, Esq., I have to report that on Saturday I was furnished with the names of George H. White, of Cherry Valley, New York, and Mr. George Irving as sureties; and to-day with the additional names of Hiram Grimes and Mr. — Tunnicliff.

As time is required to make inquiries, I have appointed one o'clock to-morrow for the time for executing the contract. I shall exact an affidavit from each before the United States commissioner as to their responsibility, &c.

I hope to be able to send the contract to-morrow properly executed.

Very respectfully, your obedient servant,

ISAAC V. FOWLER, *Postmaster.*

Per WILLIAM CALDWELL, *Assistant.*

HORATIO KING, Esq., &c., &c., &c.

POST OFFICE DEPARTMENT, *May 31, 1859.*

DEAR SIR: Your letter of the 30th instant is received.

The Postmaster General directs that before accepting the bond offered by Mr. Johnson, you communicate with the department, to the end that there may be no mistake as to the responsibility of the sureties.

Respectfully, your obedient servant,

HORATIO KING.

ISAAC V. FOWLER, Esq.,
Postmaster, New York.

NOTE.—Same request was made by telegraph.

POST OFFICE, NEW YORK, *May 31, 1859.*

SIR: I herewith return to you the contract now executed by Daniel H. Johnson and sureties.

It has been executed at the earliest practicable time, with good and sufficient sureties.

Very respectfully, your obedient servant,

ISAAC V. FOWLER,
Postmaster.

HORATIO KING, Esq.,
First Assistant Postmaster General.

POST OFFICE, NEW YORK, *May 31, 1859.*

SIR: Your telegraphic dispatch, in the words "do not accept bond till department is consulted as to responsibility of sureties," was received at three minutes before three, p. m., a few minutes after the postmaster had left the office, and over an hour after the execution of the contract and acceptance of the sureties by him.

The contract as executed goes forward by same mail with this.

Very respectfully, your obedient servant,

WILLIAM CALDWELL,
Assistant Postmaster.

HORATIO KING, Esq.,
First Assistant Postmaster General.

No. 3.]

[\$162,000 for nine months.

This article of contract, made the day of May, in the year eighteen hundred and fifty-nine, between the United States, acting in this behalf by their Postmaster General, and Daniel H. Johnson, contractor, and Hiram Grimes and George Irving, of the city of New York, and George W. White, of Cherry Valley, New York, as sureties :

WITNESSETH, That whereas, Daniel H. Johnson has been accepted according to law, as contractor for transporting the mail on route No. 3, from New York and New Orleans, by Key West, Florida, thence to San Juan del Norte, thence by the river San Juan and Lake Nicaragua to Virgin Bay, thence to San Juan del Sur, in the State of Nicaragua, and thence to San Francisco, California, touching at each of the above-named ports, and back, twice a month, in good and sufficient steamships, to and from the Isthmus of Nicaragua, on either side, and across said Isthmus in good and sufficient steamboats and land carriages, at a compensation of one hundred and sixty-two thousand dollars (\$162,000) for and during the term of nine months, commencing on the first day of October, in the year one thousand eight hundred and fifty-nine, and ending with the thirtieth day of June, in the year one thousand eight hundred and sixty : the time to be occupied in making each trip, each way, not to exceed twenty-three days between New York and San Francisco, and twenty days between New Orleans and San Francisco. Now, therefore, the said Daniel H. Johnson, contractor, and Hiram Grimes, George Irving, and George W. White, as sureties, do jointly and severally undertake, covenant, and agree with the United States, and do bind themselves :

1. To carry said mail within the times fixed in the annexed schedule of departures and arrivals, and so carry until said schedule is altered by the authority of the Postmaster General of the United States, as hereinafter provided, and then to carry according to said altered schedule.

2. To carry said mail in a safe and secure manner, free from wet or other injury, in steamships, steamboats, and land carriages, and in a separate and convenient apartment of each steamer, to be suitably fitted up under order of the department at the expense of the contractor, for the assorting and safe-keeping of the mail, and for the sole and exclusive occupation, use, and accommodation of the Post Office Department and its mail agent, if the Postmaster General shall require it, for the use and accommodation of the mail and mail agent, and such mail agent is to be conveyed without further charge.

3. To take the mail and every part of it from, and deliver it and every part of it into, each post office on the route, or that may hereafter be established on the route, and into the post office at each end of the route, and to the mail carriers on connecting routes.

They also undertake, covenant, and agree with the United States, and do bind themselves, jointly and severally as aforesaid, to be answerable for the person or persons to whom the said contractor shall commit the care and transportation of the mail, and accountable to the United States for any damages which may be sustained by the United States through his or their unfaithfulness or want of care ; and

that the said contractor will discharge any carrier of said mail whenever required to do so by the Postmaster General; also, that he will not transmit, or be concerned in transmitting, commercial intelligence more rapidly than by mail, and that he will not carry out of the mail letters or newspapers which should go by post, and that he will not knowingly convey any person carrying on the business of transporting letters or other mail matter, without the consent of the department; and further, that the said contractor will convey, without additional charge, post office blanks, mail bags, and the special agents of the department, on the exhibition of their credentials.

They further undertake and covenant with the United States that the said contractor will collect quarterly, if required by the Postmaster General, of postmasters on said route the balances due from them to the General Post Office, and faithfully render an account thereof to the Postmaster General in the settlement of quarterly accounts, and will pay over to the General Post Office all balances remaining in his hands. For which services, when performed, the said Daniel H. Johnson is to be paid by the United States, in quarterly payments if practicable, the sum of \$162,000, as soon as Congress shall make the necessary appropriation for that purpose, either through the postmasters on the route or otherwise, at the option of the Postmaster General of the United States; said pay to be subject, however, to be reduced or discontinued by the Postmaster General as hereinafter stipulated, or to be suspended in case of delinquency.

It is hereby stipulated and agreed by the said contractor and his sureties that the Postmaster General may increase the service or change the schedule, he allowing a *pro rata* increase of compensation within the restrictions imposed by law for the additional service required; but the contractor may, in case of increased service or change of schedule, relinquish the contract on timely notice, if he prefers it to the change.

It is hereby also stipulated and agreed by the said contractor and his sureties, that in all cases there is to be a forfeiture of the pay of a trip when the trip is not run, and a forfeiture of a due proportion of it when a grade of service is rendered inferior to the mode of conveyance above stipulated; and that these forfeitures may be increased into penalties of a higher amount, according to the nature or frequency of the failure and the importance of the mail; also, that fines may be imposed upon the contractor unless the delinquency be satisfactorily explained to the Postmaster General in due time, for failing to take from, or deliver at a post office the mail, or any part of it; for suffering it to be wet, injured, lost, or destroyed; for carrying it in a place or manner that exposes it to depredation, loss, or injury, by being wet or otherwise; for refusing, after demand, to convey a mail by any steamships, steamboats, or land carriages, which the contractor runs, or is concerned in running, on the route, beyond the number of trips above specified; or for not arriving at the time set in the schedule. And for setting up or running an express to transmit letters or commercial intelligence in advance of the mail, or for transporting knowingly, or after being informed, any one engaged in transporting letters or mail matter in violation of the laws of the United States, a penalty

of fifty dollars may be exacted for each offense, and for each article so carried. And no fines or forfeitures shall be remitted for failures arising from a want of a suitable road, or for obstacles presented by the insufficiency of the river navigation, or of the bays, at either terminus of the route.

It is further stipulated and agreed, by the said contractor and his sureties, that the Postmaster General may annul the contract for repeated failures; for violating the post office laws; for disobeying the instructions of the department; for refusing to discharge a carrier or any other person having charge of the mail by his direction, when required by the department; for assigning the contract without the consent of the Postmaster General; for setting up or running an express as aforesaid; or for transporting persons conveying mail matter out of the mail as aforesaid; or whenever the contractor shall become a postmaster, assistant postmaster, or member of Congress; and this contract shall in all its parts be subject to the terms and requisitions of an act of Congress passed on the twenty-first day of April, in the year of our Lord one thousand eight hundred and eight, entitled "An act concerning public contracts."

In witness whereof, the said Postmaster General has caused the seal of the Post Office Department to be hereto affixed, and has attested the same by his signature, and the said contractors and his sureties have hereunto set their hands and seals, the day and year set opposite their names respectively.

Signed, sealed, and delivered by the Postmaster General in the presence of—

HORATIO KING.

J. HOLT, [SEAL.]

And by the other parties hereto, in the presence of—

WILLIAM CALDWELL,

ISAAC V. FOWLER.

| | |
|--------------------|---------|
| DANIEL H. JOHNSON, | [L. S.] |
| HIRAM GRIMES, | [L. S.] |
| GEORGE WHITE, | [L. S.] |
| GEORGE IRVING. | [L. S.] |

I hereby certify that I am well acquainted with Hiram Grimes, George Irving, and George W. White, and the condition of their property, and that after full investigation and inquiry, I am well satisfied that they are good and sufficient sureties for the amount in the foregoing contract.

ISAAC V. FOWLER,
Postmaster.

Schedule days of departures and arrivals for the contract period of nine months, commencing October 1, 1859, and ending June 30, 1860.

Leave New York on the 5th and 20th, and New Orleans on the 8th and 23d of each month, and arrive at San Francisco within twenty-three days thereafter from New York, and within twenty days from New Orleans.

Returning.

Leave San Francisco on the 5th and 20th of each month, and arrive at New Orleans within twenty and at New York within twenty-three days thereafter.

When the regular sailing day from either end of the route falls on a Sunday, the departure is to be made on the following Monday.

POST OFFICE DEPARTMENT,
Washington, July 6, 1859.

SIR: I am requested by the Postmaster General to inform you, that as steps will be taken through the State Department to procure in advance of the commencement of service, *via* Nicaragua, the coöperation of the government of Nicaragua in protecting the mails and passengers during their transit across the Isthmus, and an assurance from that government that the necessary measures have been adopted for that purpose, it is important that you inform the department more fully and particularly than has heretofore been done, with reference to the parties in interest with you, and all particulars relative to means and facilities of transportation, plans of operation, under your contract, &c.

You will therefore please communicate this information as early as practicable, either by letter or in person. If you can conveniently visit the department at an early day, a verbal interview on this subject would no doubt be the most satisfactory. An immediate answer is solicited.

I am, very respectfully, your obedient servant,

HORATIO KING.

DANIEL H. JOHNSON, Esq.,
New York, N. Y.

POST OFFICE DEPARTMENT,
July 9, 1859.

DEAR SIR: It is particularly desired that you will visit Washington without delay, with reference to important matters relating to your contract.

I am, respectfully, your obedient servant,

HORATIO KING,

First Assistant Postmaster General.

DANIEL H. JOHNSON, Esq., *New York.*

[Telegraph.]

POST OFFICE DEPARTMENT,
July 11, 1859.

Postmaster General says: See Mr. Daniel H. Johnson, and request him to come here immediately.

H. K.

I. V. FOWLER, Esq.,
Postmaster, New York.

NEW YORK, July 19, 1859.

SIR: Your letter of the ——— reached me at Salem, Massachusetts, where I was detained by sickness, and whence I have just returned.

In accordance with your request, I shall be happy to call on you in Washington next week, being now detained here a few days with the details of the arrangements for carrying the California mails, having already procured the requisites for the punctual performance of my mail contract.

I have the honor to be, very respectfully, your obedient servant,
DANIEL H. JOHNSON,
Box 433, Post Office.

Hon. H. KING, *First Asst. Postmaster General,*
Washington, D. C.

P. S. The Nicaragua Company, organized under the Van Dyke contract, with which I am connected in this undertaking, have already two steamboats nearly ready to start for Nicaragua, and have also sent here to purchase some previously on the route.

NEW YORK, July 21, 1859.

SIR: It is generally supposed here in New York that the contractor with your department for the transportation of the California mails from October, 1859, to July, 1860, will be unable to fulfill his engagements or perform the service. It is in view of the contingency of his failure that I now address you.

I am running a line, semi-monthly, of steamers to California, *via* the Isthmus of Panama, leaving New York and San Francisco on the 5th and 20th of each month, being the days of the departure of the mails under the existing arrangement. I was a competitor for the service lately proposed by your department, and for which Mr. Johnson was the successful bidder. In offering for the proposed service I found myself embarrassed by the refusal of the Panama Railroad Company (who have, of course, the entire monopoly of the Isthmus) to state the sum for which they would permit the mails to be transported across the Isthmus upon their railroad.

The advertisement of your department required proposals for the entire service from New York to San Francisco, (embracing the

Isthmus;) and the refusal of the Panama Railroad Company to state the price for the railroad transportation rendered it impossible for me to propose otherwise than for the ocean service. In reply to my application to the Panama Railroad Company to name their price for the Isthmus transportation, they stated that they preferred to contract for the transportation of the mails across the Isthmus directly with your department. Their letter announcing such determination was transmitted by me to your department in the month of April last, and I beg that you will refer to it.

It is hardly necessary to conjecture the motives which induced the Panama Railroad Company to take this course. It is well known in this community that the persons having the direction of the Panama Railroad Company are largely interested in the line of steamers at present performing the mail service between New York and San Francisco; and this fact, taken in connection with the fact that a joint bid for the service for which proposals were lately invited by your department was made by the Panama Railroad Company and the Pacific Mail Steamship Company leaves no room to doubt that the Panama Railroad Company were desirous and determined to prevent any successful competition with the Pacific Mail Steamship Company for the proposed mail service. It would not seem to be an unjust comment upon this course of procedure to say that it was designed to work injury to the public service, and advantage to the parties now performing the mail service between New York and San Francisco.

The form of the proposals invented by your department were calculated, but of course without design, to facilitate the scheme of the Panama Railroad Company and their steamship confederates.

Should your department see fit to contract directly with the Panama Railroad Company for the Isthmus transportation of the mails, and throw the ocean service open to competition to all American citizens, it is respectfully submitted that the public interests would be subserved, and an injurious combination of the description referred to would be prevented.

This scheme of the Panama Railroad Company to prevent competition with the Pacific Mail Steamship Company was, of course, for the time being frustrated by the action of your department in awarding the contract to a party proposing to carry by the Nicaragua route. If that route was actually open and free to the public it would, of course, be impossible that any combination to preclude competition in the California mail service should be successful. But at the time of the offering for proposals by your department it was not actually open, nor in condition for the transportation of the mails, and for these reasons my proposal to transport the mails by the Nicaragua route was contingent.

I was not made aware of any assurances on the part of our government to protect the mails against interference from the Nicaraguan authorities, and, without such assurance in some form, it appeared to me to be indiscreet to contract absolutely for the performance of the mail service by that route. With such assurance, I am willing to undertake, forthwith, the transportation of the mails by that route, and to make at once the considerable expenditures of money necessary

to place the route in effective working condition for the transportation of mails and passengers.

Permit me, therefore, at this time, in view of the probable failure of the contractor for the California mail service from October to July next to perform his engagement, to make to your department the following suggestions:

1st. That, in the event that new proposals are invited by your department, such proposals, by the Panama route at least, be for the ocean mail service alone, and that the department contract directly with the Panama Railroad Company for the service upon their railroad. Under the present arrangement the railroad service is the subject of a separate and distinct contract, and it is hardly to be presumed that the Panama Railroad Company would decline to contract with the government directly for the transportation of the mails across the Isthmus at a reasonable price.

2d. That permission should be given the contractor to transport the mails by the Nicaragua route in case the Postmaster General should be first satisfied that such service can be so performed as effectively as heretofore.

It would seem to establish a precedent dangerous to the public interests to permit the Panama Railroad Company to determine who may and who may not enter into competition for the California mail service; and feeling assured, as I do, that your department has regard solely to the public welfare, and would do no act to favor one citizen to the prejudice of another, or advance one interest to the detriment of another, I have deemed myself justified in making this communication.

I hope that the mail service to California by sea will, at the expiration of the present arrangement, be thrown open to public competition, and that such precautions shall be resorted to by your department as will permit all responsible parties to propose for the required service.

If I am at liberty to do so, I will make such further suggestions to your department, touching this subject as may occur to me. I should be pleased to be informed of the course which the department proposes to adopt, in case of the contingencies to which I have referred; and to have, in any event, the opportunity afforded to me to propose for the performance of such mail service to California, after October 1, as may be required by your department, contingently or otherwise.

Awaiting reply, I am, your very obedient servant,

C. VANDERBILT.

Hon. J. HOLT,

Postmaster General, Washington, D. C.

No. 59.]

MERCHANTS EXCHANGE,

OFFICE OF THE U. S. AND CENTRAL AMERICAN TRANSIT COMPANY.

New York, July 22, 1859.

SIR: I am instructed to inform you that this company, formed under grant from the government of Nicaragua, known as the "Vandyke and Wallace contract," hold an instrument executed by Mr. D. H. John-

son, assigning and transferring to them a contract to transport the United States mail from New York and New Orleans to San Francisco, *via* Nicaragua, a copy of which is inclosed.

This informal agreement is transmitted to the department to be held until a more formal instrument can be executed, and to secure the rights acquired under it by this company.

I am, respectfully, your obedient servant,

ISAAC C. LEA,
Secretary.

Hon. J. HOLT,
Postmaster General.

It is understood and agreed that D. H. Johnson is to transfer and assign to the company formed under the Vandyke & Wallace contract, according to the general steamship law of New York, and he does hereby assign and transfer to the same, the mail contract already procured and existing between the government of the United States and said Johnson for carrying the mail to San Francisco, *via* Nicaragua; in consideration whereof, it is understood and agreed that said Johnson is to receive from the mail pay of said contract the sum of ten thousand dollars, as a commission to him or to his order; and also, a further sum from the mail pay, not exceeding twenty-five thousand dollars, for which sum the said Johnson has become liable to the sureties on said contract. And if at any future time it should appear impracticable that said contract shall be assigned, by reason of the regulation of the Post Office Department, or otherwise, then said Johnson is to give to the said company an irrevocable power of attorney to collect the pay from the United States for the carrying of said mail, less the above amount of thirty-five thousand dollars to be paid *pro rata* out of each payment; and for that purpose this paper shall be considered a sufficient power.

Done in New York, June 21, 1859.

DANIEL H. JOHNSON.

I certify the foregoing to be a true copy from the original paper in my possession.

ISAAC C. LEA, *Secretary.*

NEW YORK, *July 27, 1859.*

SIR: I have been unable to reach Washington up to the present time, in consequence of the failure of parties, who were to have assisted in carrying the mail, making it incumbent on me to make some change in my arrangements.

Ex. Doc. 45—2

This change I hope within a few days to complete, and shall come on to Washington immediately on the completion.

I have the honor to be, very respectfully, your obedient servant,
 DANIEL H. JOHNSON,
Box 433, Post Office.

Hon. J. HOLT,
Postmaster General, Washington, D. C.

POST OFFICE DEPARTMENT, *July 26, 1859.*

SIR: Your communication in relation to the transportation of the mail from New York to San Francisco, *via* Nicaragua, was received, and, at your suggestion, was forwarded to the President, now at the Bedford Springs.

My purpose in addressing you at this moment, is to inquire whether, in the event of the failure of the existing contract, you would be willing to enter into an arrangement with the department upon the terms heretofore proposed by you? Of course, the government will guaranty the safe transit of the mails, so far as political obstacles are concerned. None, however, are anticipated; but, should they arise, and not be overcome, the contractors would not be held responsible for such a result.

Very respectfully, your obedient servant,

J. HOLT.

Commodore C. VANDERBILT, *New York.*

NEW YORK, *July 30, 1859.*

DEAR SIR: Your letter of the 26th instant, addressed to C. Vanderbilt, has come to hand during the Commodore's absence from town on an excursion. When he returns, your inquiry shall have prompt notice, by a reply in writing, or he will see you at Washington.

Very respectfully, your obedient servant,

D. B. ALLEN.

Hon. JOSEPH HOLT,
Postmaster General, Washington.

POST OFFICE DEPARTMENT,
July 30, 1859.

SIR: In reply to yours of the 22d instant, I have to state that, before I can determine the question whether this department will assent to the assignment of the contract by Mr. Johnson to the "United States and Central American Transit Company," I must be informed—

1. Who are the members of said company?
2. A copy of the charter granted them by the Nicaraguan government must be forwarded to this department.
3. What ships are now owned by the company, and destined for the service referred to, and within what time the arrangement for the execution of the contract will be complete?

Asking that you will at once furnish the information suggested by these inquiries.

I am, very respectfully, your obedient servant,

J. HOLT.

ISAAC C. LEA, Esq., *Secretary, &c.*

NEW YORK, *August 5, 1859.*

DEAR SIR: I have telegraphed to Mr. Vanderbilt your inquiry, received a day or two since, and he directs me to say to you that he is desirous of having an interview with you, and that he will go to Washington for that purpose immediately after his return from Canada; that his ships are at the disposition of your department, so far as the California mail is concerned, and he hopes this will be satisfactory to you.

Mr. Vanderbilt directs me further to say, that if you must have an immediate answer he will go to Washington at once; but it will be an accommodation to him not to do so during the month of August.

Very respectfully, your obedient servant,

D. B. ALLEN.

Hon. J. HOLT,

Postmaster General, Washington.

P. S.—I shall be glad to know whether the above suggestions will meet your wishes.

D. B. A.

POST OFFICE DEPARTMENT,

Washington, August 17, 1859.

SIR: By direction of the Postmaster General, I inclose herewith articles of contract for you to execute, after filling the blanks left for the number of days to the trip, &c., and inserting the schedules at the end.

The Postmaster expresses the hope that you will name the shortest time practicable in which the trips are to be performed. The execution should be consummated in the usual manner, under the supervision of the postmaster of New York, who will, of course, at your request, make no mention of the terms of agreement.

I am, very respectfully, your obedient servant,

HORATIO KING.

C. VANDERBILT, Esq., *New York.*

Contract.

This article of contract, made the twenty-ninth day of August, in the year one thousand eight hundred and fifty-nine, between the United States (acting in this behalf by their Postmaster General) and Cornelius Vanderbilt, of the city of New York, contractor, and Jacob H. Vanderbilt and Daniel B. Allen, as sureties. Witnesseth:

That whereas the said Cornelius Vanderbilt has been accepted, according to law, as contractor for transporting the mail on route No. 3, from New York to San Francisco, by the way of Aspinwall and Panama, touching at and delivering and receiving mails at Acapulco, on the Pacific coast, and back, twice a month, in good and sufficient steamships to and from the Isthmus of Panama, on either side, at and for a compensation of thirty-seven thousand five hundred dollars, for and during the term of nine months, commencing on the first day of October, in the year one thousand eight hundred and fifty-nine, and ending on the thirtieth day of June, in the year one thousand eight hundred and sixty; the time to be occupied in each trip, each way, not to exceed twenty-five days. The government of the United States to provide for and to defray the expense of the transit of the said mails across the Isthmus between Aspinwall and Panama.

And whereas, the said Cornelius Vanderbilt has been accepted, according to law, as contractor for transporting the United States mail on route No. 3, from New Orleans to San Francisco, by the way of Aspinwall and Panama, touching at and delivering and receiving mails at Acapulco, on the Pacific coast, and back, twice a month, in good and sufficient steamships to and from the Isthmus of Panama, on either side, at and for a compensation at the rate of one hundred and fifty thousand dollars for nine months' service, commencing as soon as practicable after the said first day of October, in the year one thousand eight hundred and fifty-nine, and ending on the thirtieth day of June, in the year one thousand eight hundred and sixty; the time to be occupied in each trip, each way, not to exceed twenty-three days. The government of the United States providing for and defraying the expense of the transit of the said mails across the Isthmus between Aspinwall and Panama.

And whereas, the said Cornelius Vanderbilt has contracted and agreed (and has been accepted according to law as such contractor) to transport and convey all of said mails by the Nicaragua route, instead of by Aspinwall and Panama, to wit: from New York and New Orleans to San Juan del Norte, thence by the river San Juan and Lake Nicaragua to Virgin Bay; thence to San Juan del Sur, in the State of Nicaragua, and thence to San Francisco, California, touching and leaving and receiving mails at each of the above-named ports, and at Acapulco, and back, twice a month, in good and sufficient steamships, to and from the Isthmus of Nicaragua, on either side, and across said Isthmus in good and sufficient steamboats and land carriages, at and for a compensation at the rate of seventy-five thousand dollars for nine months' service, for the New York and San Francisco mails; and at the rate of one hundred and fifty thousand dollars for nine months' service

for the New Orleans and San Francisco mails; the additional compensation beyond what is stipulated for the route by the Isthmus of Panama being intended to meet and cover the expenses of the land and boat transit over the Isthmus of Nicaragua, which expenses are to be borne and paid by the said Cornelius Vanderbilt. This last-mentioned service by the Nicaragua route is to commence as soon as practicable, and when commenced is to be in lieu of that by Aspinwall and Panama, which is thereafter to be discontinued; and the said service by Nicaragua is to be paid for at the rate mentioned, for and during the time only that it shall be actually performed.

Now, therefore, the said Cornelius Vanderbilt, contractor, and Jacob H. Vanderbilt and Daniel B. Allen as sureties, do jointly and severally undertake, covenant, and agree with the United States, and do bind themselves:

1. To carry said mails within the times fixed in the annexed schedule of departures and arrivals, and so carry until said schedule is altered by the authority of the Postmaster General of the United States, as hereinafter provided, and then to carry according to said altered schedule.

2. To carry said mails in a safe and secure manner, free from wet or other injury, in steamships, steamboats, and land carriages, and in a separate and convenient apartment of each steamer, to be suitably fitted up under the order and direction of the department, at the expense of the said contractor, for the assorting and safe-keeping of the mails, and for the sole and exclusive occupation, use, and accommodation of the Post Office Department and its mail agent, if the Postmaster General shall require it for the use and accommodation of the mail and mail agent, and such mail agent is to be conveyed without further charge.

3. To take the mail and every part of it from, and deliver it and every part of it into, each post office on the route, or that may hereafter be established on the route, and into the post office at each end of the route, and to the mail carriers on connecting routes. They also undertake, covenant, and agree with the United States, and do bind themselves, jointly and severally, as aforesaid, to be answerable for the person or persons to whom the said contractor shall commit the care and transportation of the mails, and accountable to the United States for any damages which may be sustained by the United States, through his or their unfaithfulness or want of care; and that the said contractor will discharge any carrier of said mails, whenever required to do so by the Postmaster General; also, that he will not transmit, or be concerned in transmitting, commercial intelligence more rapidly than by mail; and that he will not carry, out of the mail, letters or newspapers which should go by post, and that he will not knowingly convey any person carrying on the business of transporting letters or other mail matter, without the consent of the department; and, further, that the said contractor will convey, without additional charge, post office blanks, mail bags, and the special agents of the department, on the exhibition of their credentials.

For which services, when performed, the said Cornelius Vanderbilt is to be paid by the United States, in quarterly payments if practi-

cable, the several sums mentioned in the foregoing recitals, or so much thereof, at *pro rata* rates, as the service actually performed shall amount to, on each of the several routes therein specified, as soon as Congress shall make the necessary appropriation for that purpose, said pay to be subject, however, to be reduced or discontinued by the Postmaster General, as hereinafter stipulated, or to be suspended in case of delinquency.

It is hereby stipulated and agreed by the said contractor and his sureties, that the Postmaster General may increase the service or change the schedule, he allowing a *pro rata* increase of compensation within the restrictions imposed by law for the additional service required; but the contractor may, in case of increase of service or change of schedule, relinquish the contract on timely notice, if he prefers it to the change.

It is hereby also stipulated and agreed by the said contractor and his sureties, that in all cases there is to be a forfeiture of the pay of a trip when the trip is not run, and a forfeiture of a due proportion of it when a grade of service is rendered inferior to the mode of conveyance above stipulated; and that these forfeitures may be increased into penalties of a higher amount, according to the nature or frequency of the failure and the importance of the mail; also, that fines may be imposed upon the contractor unless the delinquency be satisfactorily explained to the Postmaster General in due time, for failing to take from or deliver at a post office the mail, or any part of it, for suffering it to be wet, injured, lost, or destroyed; for carrying it in a place or manner that exposes it to depredation, loss, or injury by being wet or otherwise; for refusing, after demand, to convey a mail by any steamships, steamboats, or land carriages which the contractor runs or is concerned in running on the routes, beyond the number of trips above specified; or for not arriving at the time set in the schedule; and for setting up and running an express to transmit letters or commercial intelligence in advance of the mail, or for transporting knowingly, or after being informed, any one engaged in transporting letters or mail matter, in violation of the laws of the United States, a penalty of fifty dollars may be exacted for each offense, and for each article so carried. And no fines or forfeitures shall be remitted for failures arising from a want of a suitable road, or for obstacles presented by the insufficiency of the river navigation, or of the bays at either terminus of the routes.

It is further stipulated and agreed by the said contractor and his sureties, that the Postmaster General may annul this contract for repeated failures, for violating the post office laws, for disobeying the instructions of the department, for refusing to discharge a carrier or any other person having charge of the mail by his direction, when required by the department; for assigning this contract without the consent of the Postmaster General; for setting up or running an express as aforesaid, or for transporting persons conveying mail matter out of the mails as aforesaid; or whenever the contractor shall become a postmaster, assistant postmaster, or member of Congress; and this contract shall in all its parts be subject to the terms and requisitions of an act of Congress passed on the twenty-first day of April, in the year of our Lord one thousand eight hundred and eight, entitled "An act concerning contracts."

The United States government hereby stipulates and agrees, that all obstacles growing out of the action of the government or the people of Nicaragua, to the safe and peaceful transit of the said mails across the Isthmus, from San Juan del Norte to San Juan del Sur, shall be removed, and that all the instrumentalities employed by the said Cornelius Vanderbilt in the transportation of the mails by that route, shall be protected from detention, violence, or injury, on the part of said government and people.

It is further stipulated and agreed, as well by the said Cornelius Vanderbilt as by the United States, that this contract is made and is to go into effect on the express condition that the existing contract executed by Daniel H. Johnson for the transportation of the United States mails from New York and New Orleans to San Francisco and back, for the period of nine months from the 1st day of October, in the year 1859, and bearing date the day of May, 1859, shall not be executed and fulfilled by said Johnson, in which event, on notification of such failure by the department to said Cornelius Vanderbilt, the foregoing contract will at once go into operation, and the said Vanderbilt will proceed to transport the United States mails at the time and in the manner provided for by its stipulations.

In witness whereof, the said Postmaster General has caused the seal of the Post Office Department to be hereto affixed, and has attested the same by his signature, and the said contractor and his sureties have hereunto set their hands and seals the day and year set opposite their names respectively.

Signed, sealed, and delivered by the Postmaster General.

[L. S.]

J. HOLT,

August 30, 1857.

In the presence of—

HORATIO KING.

And by the other parties hereto.

C. VANDERBILT,

August 29, 1859.

J. H. VANDERBILT,

August 29, 1859.

D. B. ALLEN,

August 29, 1859.

In the presence of—

WILLIAM CALDWELL,

Assistant Postmaster, New York.

I hereby certify that I am well acquainted with Jacob H. Vanderbilt and Daniel B. Allen, and with the condition of their property, and that after full investigation and inquiry, I am well satisfied that they are good and sufficient sureties for the amount in the foregoing contract.

WILLIAM CALDWELL,

Assistant Postmaster at New York, N. Y.

POST OFFICE DEPARTMENT,
August 30, 1859.

Upon the execution of the foregoing contract with Cornelius Vanderbilt for the transportation of the United States mails between New York and San Francisco, it appears that the stipulations therein contained obliging the said Vanderbilt "to take the mail and every part of it from, and deliver it into, the post office at each end of the route" was not contemplated by the bid of said Vanderbilt, in response to the proposals of the department, and he having signed said contract with the understanding that said stipulations would not be enforced or insisted on, I hereby, for the consideration aforesaid, relieve him from the obligation which said stipulation imposed, and the department charges itself with the duty of otherwise providing for the reception and delivery of said mails at the termini of said route.

J. HOLT.

SCHEDULE.

Route via Panama.

Leave New York on the 5th and 20th of each month.
Arrive at San Francisco by the 30th and 15th of each month.
Leave San Francisco on the 5th and 20th of each month.
Arrive at New York by the 30th and 15th of each month.
Leave New Orleans on the 7th and 22d of each month.
Arrive at San Francisco by the 30th and 15th of each month.
Leave San Francisco on the 5th and 20th of each month.
Arrive at New Orleans by the 28th and 13th of each month.

Route via Nicaragua.

Leave New York on the 5th and 20th of each month.
Arrive at San Francisco by the 30th and 15th of each month.
Leave San Francisco on the 5th and 20th of each month.
Arrive at New York by the 30th and 15th of each month.
Leave New Orleans on the 7th and 22d of each month.
Arrive at San Francisco by the 30th and 15th of each month.
Leave San Francisco on the 5th and 20th of each month.
Arrive at New Orleans by the 28th and 13th of each month.

NEW YORK, *August 24, 1859.*

DEAR SIR: The form of contract was duly received by the hands of General Skinner.

Mr. Vanderbilt's continued absence from the city, and uncertain whereabouts, induced me not to entrust a matter of so much importance to the risks of correspondence, and I therefore deemed it prudent to retain the paper until I should be certain concerning his movements, and learn from him the probable period of his return.

I hear from him to-day that he will be here the latter part of this week, when I hope to have the pleasure of informing you of his action on the subject.

In the meantime, I take the liberty of inviting your attention to the following points, which occur to me in reading over the contract, and to which I beg you to respond at your earliest convenience.

1. Neither the invitation for proposals, given out by the department, nor the proposals themselves, called for stopping at *Acapulco* to land and receive mails. And I should be glad to learn whether you regard this as an indispensable point.

2. The basis of Mr. Vanderbilt's calculations of the service to be performed, at the time he made up his estimate and bid, and in which I assisted him, was the cost of the service simply as *freight transportation in the ships*, and it did not occur to him, nor to me, that the carriage between the ships and the post offices at the termini of the route would be required of the contractor. We supposed that this would be done by the Department.

In the event of the *Acapulco* service being determined as indispensable, I submit whether you will not be disposed to concede the second point, viz: the carriage of the mails to and from the post offices from and to the ships.

3. The clause relative to *protection* it seems to me ought to include *Costa Rica*, as well as *Nicaragua*, for the reason that the river "San Juan" through about one half its course is the boundary line of the two republics, and the control of the lower portion of the river is still an unsettled question between *Nicaragua*, *Costa Rica*, and the Mosquito protectorate.

Your kindness to me hitherto induces me to make this communication in all frankness, and to solicit from you an early reply, so that I may be enabled to submit the matter to Mr. Vanderbilt on his return, in a form to secure, as I hope, his prompt and unqualified approval.

By our steamer, the "North Star," of the 20th instant, I sent to our agents at San Francisco orders respecting the mails, of which the inclosed is a copy, in accordance with my promise to you at our last interview. Be kind enough to inform me of the nature of your instructions to the San Francisco office in this behalf, so that I may be prepared to give any additional orders that may be deemed necessary to go forward by steamer of the 5th proximo.

Very respectfully, your obedient servant,

D. B. ALLEN.

Hon. J. HOLT,

Postmaster General, Washington.

[Per "North Star."]

NEW YORK, *August 19, 1859.*

GENTLEMEN: You will please hold yourselves in readiness, on the 5th of October, to take the United States mails that may be offered to you by the postmaster at San Francisco, for transportation from that place to New York.

On the failure of the contractor, Johnson, to receive the San Francisco mails of that date, they will be offered to us, and you will please forward them as above, with instructions to deliver them to the Panama Railroad Company for delivery to our Atlantic steamer.

It may be as well to communicate this to no one except to the postmaster at San Francisco, and to him only when it may in your judgment become necessary—say after the departure of the 20th of September steamer.

Respectfully, your obedient servant,

C. VANDERBILT,
By D. B. ALLEN.

Messrs. C. K. GARRISON & Co.,
Agents, San Francisco.

POST OFFICE DEPARTMENT,
Washington, August 25, 1859.

SIR: In answer to your letter of the 24th instant, I am instructed by the Postmaster General to inform you that it is quite desirable to have your steamers touch and leave a mail at Acapulco, going and returning; and as it can be done with little trouble, he hopes it will not be objected to.

As regards taking the mails to and from the post offices at the termini of the route, I am desired to say that this service is performed by the present contractors, the advertisement contemplated that this would be done; and as it is the usual course, and the expense to you must be comparatively trifling, it is expected that there will be no objection to it on your part.

With reference to your suggestion, that Costa Rica ought to be included in the clause relative to protection, the Postmaster General has no objection to so altering the articles if you shall desire it, and will return them to the department; but he thinks it wholly unnecessary, inasmuch as this government has no existing difficulty, nor is any anticipated with that of Costa Rica.

It is very important that the contract should be executed in time to give the postmaster of San Francisco instructions on the subject by the mail of the 5th of September.

I am, very respectfully, your obedient servant,

HORATIO KING,
First Assistant Postmaster General.

C. VANDERBILT, Esq., *New York.*

NEW YORK, *August 29, 1859.*

DEAR SIR: I arrived in town this morning, and Mr. Allen has submitted to me the form of contract brought by General Skinner, as also your favors of the 17th and 25th instant, in reference thereto.

Aware, as I am, of the importance of having the contract executed in time to enable you to give the postmaster of San Francisco instructions on the subject by the mail of the 5th of September, and as the

time intervening will not safely admit of further delay, I have concluded to take immediate action in the execution of the contract, expressing, at the same time, my views on the several points raised by Mr. Allen in his correspondence with the department on the subject.

As regards the Acapulco mail, I am willing to accede to the wishes of the Postmaster General, as he seems to regard this service as "quite desirable;" and as regards the protection clause, I agree with you in deeming it of not sufficient importance to require alteration.

But in reference to the carriage of the mails between the ships and the post offices at the termini of the route, I beg leave to say that this service was not contemplated by me as a part of my duty, and that in making up my estimate of what service would be required of me, I made my calculations of the cost solely as freight matter to be transported in the ships. I made this calculation with much care; and the language of the invitation for proposals was such as entirely to preclude the idea that this additional service would be required of me.

For these reasons, I am sure the Postmaster General will concede the propriety of relieving me from this duty; and I have executed the contract in the full confidence, and on the condition, that the service referred to will be performed by the department, or that the Postmaster General will add the sum of twenty-five hundred dollars (\$2,500) to the mail pay, for the nine months' period covered by the contract—say from 1st October, 1859, to 30th June, 1860; the option being with the department to perform this service on its own account, or to entrust it to me for a compensation of \$2,500, for the contract period.

Noting the request contained in your favor of 17th instant, wherein you say "the Postmaster General expresses the hope that you (I) will name the shortest time practicable in which the trips are to be performed," I have to say that I have filled up the schedule in accordance with my original proposals. At the same time I beg leave to add, that inducements of a much stronger character than that of the speedy transportation of the mails (although this will be one of a potent character) will necessarily urge me to the performance of the trips in the quickest possible time; for my pride is enlisted in this, and I mean to perform the work as satisfactorily, at least, as it is possible for any one to do it.

Very respectfully, your obedient servant,

C. VANDERBILT.

HORATIO KING, Esq.,

First Assistant Postmaster General, Washington.

POST OFFICE DEPARTMENT, *August 30, 1859.*

DEAR SIR: Your letter of the 29th instant, with articles of contract executed on your part, has been received.

The department will attend to the conveyance of the mails to and from the post offices at the ends of the route.

A certified copy of the contract will be sent to you in the course of a day or two.

Respectfully, your obedient servant,

HORATIO KING.

C. VANDERBILT, *Esq., New York.*

POST OFFICE DEPARTMENT, *August 31, 1859.*

SIR: A contract has been made with Daniel H. Johnson, of New York, to convey the mails between New York and San Francisco, and New Orleans and San Francisco, *via* Nicaragua, semi-monthly, for nine months from 1st October next. You will therefore make up and deliver the mails to him accordingly, instead of to the Pacific Mail Steamship Company, whose contract expires on that day.

In the event, however, of Mr. Johnson's failure to carry, you are instructed to deliver the mails to C. Vanderbilt, or his agent, with whom a conditional arrangement has been made to carry either *via* Nicaragua or Panama.

If it becomes necessary, in the event of such failure, to send by Mr. Vanderbilt's line, you will employ some suitable person to convey the mails to and from the steamship under the supervision of a trusty clerk, as Mr. Vanderbilt's contract does not embrace that service. It may be well to make a contract for the nine months; and this should be done on the best terms practicable. In New York the cost of this service for nine months will not exceed \$250, the department now having an offer at that sum.

If the United States mails shall be sent *via* Nicaragua, the mails for Panama, Aspinwall, and the South Pacific, may be sent by the steamships of the Pacific Mail Steamship Company, under the act of 14th June, 1858, for the postages thereon, which should be carefully reported to the auditor for this department.

I am, respectfully, your obedient servant,

HORATIO KING,

First Assistant Postmaster General.

CHAS. L. WELLER, Esq.,

Postmaster, San Francisco, California.

POST OFFICE DEPARTMENT,
Washington, September 10, 1859.

SIR: I am directed by the Postmaster General to request your immediate attention to the importance of placing the department in possession of full information in respect to the arrangements made by you for carrying out your contract for transporting the mails between New York, New Orleans, and San Francisco, *via* Nicaragua. This matter cannot be longer delayed, and especially with reference to the service from New Orleans the department must know *immediately* whether or not your arrangements are complete for commencing that service, on the 1st of October next, agreeably to contract. An answer by return mail is requested.

Respectfully, your obedient servant,

HORATIO KING,

First Assistant Postmaster General.

DANIEL H. JOHNSON, Esq., *New York.*

SALEM, MASSACHUSETTS, *September 13, 1859.*

DEAR SIR: I noticed inclosed paragraph of the 12th instant, in "Tribune," dated 11th, and, only upon the presumption they might have published the truth for once, I beg leave to ask you if you have written me, within two months past, concerning my contract No. 3, as I have not received any communication from your department which remains unanswered; but that may have been intercepted by my foes in New York. I am now on a visit here, and would be highly gratified to hear from you per return mail. I regret I did not see the Hon. Horatio King on his tour East.

I have the honor to be, very respectfully, your obedient servant,
DAN'L H. JOHNSON,
10 North street, Salem.

Hon. J. HOLT,
Postmaster General, Washington, D. C.

P. S. For your consideration, I annex a copy of my letter of 20th August, to my friend, Colonel A. G. Sloo, the original of which you may have received.

Inclosure.

NEW YORK, *August 20, 1859.*

SIR: Having, with Colonel Sloo, of Indiana, to aid in the transportation of the mails between New York and New Orleans, *via* Key West, *via* Nicaragua, to San Francisco, &c., &c., agreeably to my contract (No. 3) with the Post Office Department, I have to request that the postmasters on the line of the route be instructed to deliver to said Sloo and the servants of his company, the mail matter to be transported under said contract.

I have the honor, &c.,

DANIEL H. JOHNSON.

Hon. J. HOLT, *Postmaster General,*
Washington, D. C.

Inclosure.

[Copy from the New York "Tribune," Monday, September 12, 1859.]

WASHINGTON, *September 11, 1859.*

"A gentleman of this city has assured the Post Office Department that the contract for carrying the California mail will be executed. But as the contractor himself has neither responded upon the point, by a visit here in person, to explain, as *requested*, nor by *letter*, the department has addressed him another earnest communication asking

as to his preparations for carrying out the contract. A response is necessary, since if the New Orleans branch of service is not to be executed, the California mails from that city must be brought on to New York before the 5th of October."

POST OFFICE DEPARTMENT,
Washington, September 15, 1859.

SIR: I am directed by the Postmaster General to acknowledge the receipt of your letter, dated 13th instant, at Salem, Massachusetts, and to transmit to you the inclosed copy of a letter of inquiry addressed to you at New York, on the 10th instant, an answer to which is requested, by return mail.

Your letter, dated New York, August 20, 1859, of which you inclose a copy, has never been received by the Postmaster General.

Instructions as to your contract were sent to San Francisco by the last mail.

I am, very respectfully, your obedient servant,

HORATIO KING.

DANIEL H. JOHNSON, Esq.,
Salem, Massachusetts.

POST OFFICE DEPARTMENT,
Washington, September 17, 1859.

The present service between your office and San Francisco, both *via* Panama and *via* Tehuantepec, will expire on the first of October next, from and after which date the mails are to be transported agreeably to the new contract made with Daniel H. Johnson, of New York, semi-monthly, *via* Key West and the Isthmus of Nicaragua, the sailing days from New Orleans being the 8th and 23d, and from New York the 5th and 20th of each month, the mails from both offices connecting at Key West, and proceeding from thence direct to San Juan del Norte, and across the Isthmus of Nicaragua to San Juan del Sur, and thence by steamships to San Francisco.

But, as no assurance has been given to the department by Mr. Johnson, the contractor for the new service, that he has completed the necessary arrangements commencing that service agreeably to his contract; and, as a failure on his part to commence the service according to contract will render it impossible to provide for a direct mail from New Orleans, by steamship, in time for the first trip in October, you are hereby instructed to make up mails for California and the South Pacific, and dispatch them by the *land route to New York*, in time to connect with the steamer to sail from New York on the 5th of October next; and to insure the prompt transmission of as large a portion of the New Orleans mails as possible you will make up *daily* mails for California, &c., commencing on the 26th and continuing until the 30th instant, inclusive, and dispatch the same each day to New York,

by the land route. You are also instructed to give the public notice of this arrangement.

Should Mr. Johnson fulfill his contract by departing from New Orleans, on the 8th proximo, you are also instructed to make up the mails on that date, and deliver them to him or his authorized agent, accordingly.

As the contract for mail service *via* Tehuantepec, will expire on the 30th instant, it will be impossible in the execution thereof, to complete a trip commenced at New Orleans, on the 27th instant, only three days previous to its expiration; and the Postmaster General having, heretofore, declined renewing the contract for that service, and not being willing to grant any extension thereof, you will omit sending any mails by that route, on the 27th September instant.

I am, very respectfully, your obedient servant,

HORATIO KING.

First Assistant Postmaster General.

F. S. MARKS, Esq.,

Postmaster, New Orleans, Louisiana.

NEW YORK, *September 19, 1859.*

DEAR SIR: As there is no arrangement made by the "Johnson" party for the transportation of the mails that can be relied upon at all, I am led to believe that our agreement for the California mail service will go into effect the 5th October.

We are all ready from here, and can be ready at New Orleans to leave there on the 5th and 20th, if the department feels justified in ordering the mails to be sent from there on those days. The only object of this note is that I must have the notice at this time that I may make the necessary preparation.

Respectfully yours,

C. VANDERBILT.

Hon. J. HOLT,

Postmaster General, Washington.

POST OFFICE DEPARTMENT,

September 20, 1859.

DEAR SIR: In answer to your letter of the 19th instant, I have to inform you that the postmaster of New Orleans has been instructed to send the California mails for the 5th October by the way of New York, and to give public notice to that effect. He will also dispatch mails for Johnson's line if they are called for, otherwise the trip out from New Orleans on the 5th October will be omitted.

Full instructions will in due time be given to the postmaster of New York; but every precaution will be used to avoid adopting any

measures which could by possibility be seized on by Mr. Johnson as offering an excuse for his failure.

I am, very respectfully yours,

HORATIO KING,

First Assistant Postmaster General.

C. VANDERBILT, Esq., *New York.*

[Telegraph.]

NEW YORK, *September 22, 1859.*

Do me the favor to advise by telegraph if Johnson's contract has been revoked, or still remains in force.

Answer paid.

WM. H. DAVIDGE.

Hon. HORATIO KING,
Washington.

[Telegraph.]

POST OFFICE DEPARTMENT,
September 22, 1859.

Johnson's contract remains in force.

HORATIO KING.

W. H. DAVIDGE, Esq.,
President Pacific Mail Steamship Co., New York.

NEW YORK, *September 22, 1859.*

MY DEAR SIR: Subsequently to my communication of the 21st day of July last I entered into a contract with the department to convey the mails between New York and New Orleans and San Francisco, for the nine months ensuing the 1st of October next. This undertaking was contingent upon the failure of Johnson to perform his contract to carry the mails *via* Nicaragua, and was made in anticipation of such failure.

As it is well known here that Johnson and his associates will be utterly unable to perform their contract, I, of course, stand ready to perform mine in all respects. The circumstances which induce me to address you at this time are these: It is rumored in this city to-day that Mr. Joseph L. White, who (in conjunction with Mr. Sloo) claims to have some kind of assignment of Johnson's contract, has proposed to the Pacific Mail Steamship Company and their connecting steam company from New York to Aspinwall, to carry the mails *via* Panama, in performance of his (Johnson's) contract; Mr. White undertaking to obtain the consent of the department to such performance, in lieu of that stipulated, which was by Nicaragua. I have not permitted myself for one moment to suppose that the department would, in disre-

gard of my rights under my provisional contract, permit the Pacific Mail Steamship Company and their connecting Atlantic steamer to perform the service under an arrangement between them and Mr. White and his associates. But I have, nevertheless, felt at liberty to apprise you of the circumstances, lest, through some inadvertence, the matter might escape the attention of your department. I take it for granted that your department has not been officially informed of the fact of the inability of Johnson and his associates to perform their contract, *but it is notorious here*; and aware, as I have been, that they have no provision for the service upon either ocean, I have kept myself in readiness to perform the required service, and have made special arrangements to that end. It would be to me a matter of great mortification if (after my intervention and provisional contract with the department) my competitors, the Pacific Mail Steamship Company, should be able to obtain the mails, to my exclusion, by means of any contrivance of any description.

I have, of course, refused to deal with these parties, and was a good deal surprised upon being informed that the Pacific Mail Steamship Company had consented to negotiate with them, especially after they must have learned, through the public press, that I had made a contract with the department providing for the contingency of Johnson's failure. Of course, their only object would be to defeat my action and, if possible, embarrass my well-known determination to open the transit by Nicaragua as soon as it is in my power to do so. If necessary to a perfect understanding of the question, and a proper appreciation of its importance, I will at once attend at Washington to make any further explanation.

Will you do me the favor to advise me of the receipt of this communication, and, if consistent with the usages of the department, lay a copy before the President.

Very respectfully, your obedient servant,

C. VANDERBILT.

Hon. J. HOLT,

Postmaster General, Washington.

POST OFFICE DEPARTMENT, *September 23, 1859.*

SIR: In answer to your letter of the 22d instant, I have to inform you that if Mr. Daniel H. Johnson shall fail to make arrangements to carry out his contract to convey the mails *via* Nicaragua, your conditional contract for the conveyance of these mails will take effect, as a matter of course. The postmaster of San Francisco has been so instructed by letter under date of 31st August, and the postmasters of New York and New Orleans will, in due time, be instructed to the same effect.

The mails will not be delivered to Mr. Johnson, nor to his order,

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except upon the positive assurance that they will be carried *via* Nicaragua, agreeably to contract.

Very respectfully, your obedient servant,

HORATIO KING,
Acting Postmaster General.

C. VANDERBILT, Esq., *New York.*

POST OFFICE DEPARTMENT,
Washington, September 23, 1859.

SIR: Referring to my letter of the 10th instant, in which you were requested to place the department in *immediate* possession "of full information in respect to the arrangements made by you for carrying out your contract for transporting the mails between New York, New Orleans, and San Francisco, *via* Nicaragua," to which letter you have not as yet, after the lapse of thirteen days, made any answer. I have now to inform you that unless you are fully prepared to take the mails from New York and San Francisco on the 5th, and from New Orleans on the 8th of October next, and convey them *via* Nicaragua, according to the stipulations in your contract, a provisional arrangement already concluded with another party providing for the conveyance of the California mails, in case of failure on your part to carry out your contract in good faith, will necessarily go into effect.

It is, therefore, of the highest importance that you should apprise the department *at once* of the arrangements made by you for transporting the mails *via* Nicaragua according to your contract, in order that the department may issue the necessary instructions in the premises. The mails will not be delivered to you, except upon the certain assurance that they will be transported over the Nicaraguan route.

I am, very respectfully, your obedient servant,

HORATIO KING,
Acting Postmaster General.

DANIEL H. JOHNSON, Esq.,
New York, N. Y.

POST OFFICE DEPARTMENT,
Washington, September 23, 1859.

[Duplicate.]

HORATIO KING,
Acting Postmaster General.

DANIEL H. JOHNSON, Esq.,
Salem, Massachusetts.

OFFICE OF THE U. S. AND CENTRAL AMERICAN TRANSIT CO.,
No. 3 Bowling Green, New York, September 26, 1859.

SIR: Your letter addressed to Daniel H. Johnson has been referred to this company for a reply.

Mr. Johnson long since made arrangements with us for the transportation of the mails under his contract with your department, Colonel A. G. Sloo acting for us in the premises.

We are ready to transport the mails from the points *in the* manner, and according to the terms and conditions designated in the contract, and to transport them *via Nicaragua*, which we have caused to be put in complete order for the service.

We should long since have been ready, and would have named our ships, had it not been for the "provisional arrangement" made by your department, which necessarily threw doubt and distrust on our ability to perform the service, and which furnished a motive and inducement to the favored "provisional" contractor to resort to any means to defeat us in the performance of it. Indeed, such seems to have been the object of the "provisional arrangement," since every one is presumed to intend the natural consequences of his own act; and, besides this, we have the further evidence of repeated declarations, by an Assistant Postmaster General, that "no confidence was felt by the department that Johnson would carry the mails." Publicity was given to this and other similar declarations in the *New York Tribune*, the telegraphic correspondent of which seemed always to speak by authority. The contents of even your letter of the 10th instant appeared in that paper the morning of the 11th, and *your letter* did not reach him until the evening.

You cannot fail to see that such a course of conduct on the part of an *official*, although it may have precedents, of which we are *ignorant*, has an inevitable tendency to destroy the credit of those against whom it is directed. That such was the purpose of it, we can of course only conjecture, but we felt the necessity of not revealing any of our "arrangements" until it should be too late to defeat them by a "provisional" contractor, who was stimulated by the hope of future reward, *held out to him by the government*, to resort to all the means that money and machination can command for such purpose.

But, whatever may have been the *purpose* and intent of these repeated hostile declarations, and this "provisional arrangement" with one who has always proved himself the enemy of every American maritime enterprise, we repeat that we are ready to carry the mails according to the spirit and letter of the contract.

If there be any law or rule of your department requiring a contractor to furnish all the particulars of his business in the performance of his contract, we shall of course yield to it. But we had supposed that a contract once made, with proper sureties, the duty of the department ended, until a failure occurred.

Very respectfully, yours, &c.,

ISAAC C. LEA, *Secretary*.

Hon. H. KING, *Acting Postmaster General*.

P. S. We shall, at our earliest convenience, send your letter and a copy of this reply, to the President of the United States.

POST OFFICE DEPARTMENT,
Washington, September 28, 1859.

SIR: Your letter of the 26th, written as a reply to mine of the 23d instant, addressed to Daniel H. Johnson, the contractor with this department for conveying the California mail, *via* Nicaragua, after the 1st proximo, is received.

As Mr. Johnson is still recognized and held by this department as the contractor for that service, an answer to the inquiries made in my letter of the 23d instant, was expected from him, and not from any third party with whom he may have made arrangements, unauthorized by, and without the sanction of, the department.

But as you have assumed to address me in reply, and have taken occasion to animadvert on the action of the department in the matter, it is perhaps proper that I should notice your communication, simply for the purpose of explanation.

The contract with Daniel H. Johnson was signed on the 31st of May last, and contains the usual provision, inserted in all mail contracts for the protection of the government against improper and irresponsible assignees, that it shall not be assigned "without the consent of the Postmaster General." It was entered into in perfect good faith on the part of the department, and every precautionary measure taken to aid and promote its faithful execution. The Department of State was at once informed relative to the new arrangement, and requested to communicate officially with the government of Nicaragua, and secure the adoption of such measures by that government as might be necessary for the protection of the mails during their transit across the Isthmus. On the 6th of July last, the contractor was advised of the steps taken to secure the coöperation of the State of Nicaragua, in protecting the mails and passengers, and that it was important that he should "inform the department more fully and particularly than has heretofore been done, with reference to the parties in interest with you," (him,) "and all particulars relative to means and facilities of transportation, plans of operation, &c." An *immediate answer* was solicited, and a *personal interview at the department* requested, if possible, at an early day. But all the efforts of the department to obtain an interview with Mr. Johnson on that subject, or any information from him or other reliable sources, relative to his arrangements for the mail service, proved totally unavailing.

Your letter of the 22d of July last, inclosing the copy of an alleged assignment by Daniel H. Johnson to the "United States and Central American Transit Company," (of which you are secretary,) of his contract with this department, for a consideration of \$35,000, (\$10,000 to Johnson and \$25,000 to his sureties,) contained the first intimation that any action had been taken by him with reference to his contract. But before the Postmaster General could assent to any assignment of the contract, it was proper and necessary, in view of the important character of the service to be performed, that he should be placed in possession of full and reliable information as to the ability of the proposed assignees to perform the service required; and, for the purpose of obtaining such information, he addressed to you a letter, in answer,

on the 30th of July last, stating that before he could determine the question of assenting to the proposed assignment of the contract to the "United States and Central American Transit Company," he must be informed:

"1. Who are the members of said company.

"2. A copy of the charter granted them by the Nicaraguan government must be forwarded to the department.

"3. What ships are now owned by the company and destined for the service referred to, and within what time the arrangements for the execution of the contract will be complete."

Although you were requested to furnish at once the information therein called for you have made no reply, either in writing or verbally, and, in the absence of the information required, the department was precluded from taking any action with reference to the proposed transfer, which could not, in the nature of the case, be allowed, except upon satisfactory information and assurance that your company were then or would be prepared to perform the required service in good faith and in a satisfactory manner.

The Postmaster General having wholly failed to obtain from the contractor any information whatever with respect to his arrangements for the performance of the stipulated service, and having likewise failed to receive any information from your company in answer to his letter of 30th July, he was forced to conclude that the representations publicly made through the press, and by communications addressed to the department, that the contractor would not be prepared to enter upon the required service at the appointed time, might prove to be correct, and it became absolutely necessary, under the peculiar circumstances of the case, and in view of the disastrous consequences which would result from even a temporary suspension of the California mails, that he should take precautionary measures in advance for keeping up this very important branch of the mail service between the Atlantic and Pacific States in the event of Johnson's failure. Accordingly, a provisional arrangement was concluded with Mr. Vanderbilt for the transportation of the California mails, contingent on the failure of Mr. Johnson to take the mails from New York and San Francisco on the 5th and from New Orleans on the 8th of October next, according to his contract. This provisional contract does not, however, in any respect interfere with the just rights of the original contractor.

With reference to the statement made in your letter, that "we should long since have been ready, and would have named our ships, had it not been for the provisional arrangement made by your department, which necessarily threw doubt and mistrust on our ability to perform the service," &c., I beg leave to remark, that at the time you were requested to furnish the information necessary to enable the Postmaster General to act upon the proposed transfer from Johnson to your company, viz: on the 30th of July last, and for a month subsequently, no such provisional arrangement had been concluded. Moreover, the department studiously avoided giving information of that arrangement until after the telegraphic dispatch of the 7th of September appeared in the New York Tribune, (which dispatch did not proceed from, nor was it authorized by the department,) announcing that such provisional contract had been made with Mr. Vanderbilt.

But although the Postmaster General had thus wisely guarded against a failure to have the mails transported, he was anxious for the fulfillment of Mr. Johnson's contract, and continued his efforts to ascertain whether or not his wishes were to be gratified. To this end I addressed, under date of 10th of September instant, a letter to Mr. Johnson in the following words, viz:

"I am directed by the Postmaster General to request your immediate attention to the importance of placing the department in possession of full information in respect to the arrangements made by you for carrying out your contract for transporting the mails between New York, New Orleans, and San Francisco, *via* Nicaragua. This matter cannot be longer delayed; and especially with reference to the service from New Orleans, the department must know *immediately* whether or not your arrangements are complete for commencing that service on the 1st of October next, agreeably to contract. An answer by return mail is requested."

To this letter no answer has come to hand; but on the 15th instant the Postmaster General received from Mr. Johnson a letter written from Salem, Massachusetts, under date of September 13, in which, alluding to telegraphic despatches in the New York Tribune of the 11th and 12th September, in regard to his contract, he asks, "if you [he] have written to me [Johnson] within two months past concerning my contract No. 3," and states that "I [he] have not received any communication from your department which remains unanswered," &c. With this letter he inclosed a copy of a letter purporting to have been written by him on August 20, 1859, and addressed to the Postmaster General, informing of an arrangement made with Colonel A. G. Sloo, of Indiana, "to aid in the transportation of the mails," agreeably to his contract, and requesting that instructions might be given to postmasters on the line of the route "to deliver to said Sloo, and the servants of his company, the mail matter to be transported under his contract."

He was informed immediately, in answer, by letter of 15th instant, that his letter of August 20, of which he had inclosed a copy, had never been received by the Postmaster General, (nor has it yet come to hand,) but that instructions as to his contract had been sent to San Francisco by the last mail. A copy of my letter of 10th instant was at the same time inclosed to him at Salem, with a request to answer by return mail.

It will be observed, therefore, that whereas the department was particular to withhold all information about the provisional arrangement until after it obtained publicity from some other quarter by the Tribune dispatch of the 7th September, above referred to, according to Mr. Johnson's statement, all his arrangements for carrying out his contract were completed prior to or by the 20th of August. Hence the provisional arrangement with Mr. Vanderbilt, made subsequently to that date, cannot now be urged as having been the means of delaying those arrangements on the part of Mr. Johnson, nor as throwing "doubt or distrust on your ability to perform the service;" neither does it afford any excuse either to him or to yourself for not answering the letters addressed to you, respectively, by the department.

With regard to your remark, that "if there be any law or rule of your department requiring a contractor to furnish all the particulars of his business in the performance of his contract, we shall of course yield to it," I have to observe, that any information touching the preparations made for performing a contract is at all times proper to be furnished by contractors, and I am not aware that it has been before refused, when asked for by the department. Such information was not only proper, but particularly necessary in the present case, on account of the magnitude of the service to be performed, and the difficulties attendant upon the transportation of the mails by a new route, across the territory of a foreign country. And when your company proposed to take Mr. Johnson's contract, by transfer, it became equally important that you should advise the department with regard to your ability to perform the service. But as the contract has not been transferred, and Mr. Johnson and his sureties are the only parties relied on for its fulfillment, the department will not, of course, presume to make any further call on your company for the particulars of its business.

In conclusion, I can only say, that the department looks to Mr. Johnson to carry out his contract in good faith, and it will be gratified to know that his arrangements are complete beyond the possibility of failure to secure this desirable result.

I am, very respectfully, your obedient servant,

HORATIO KING,
Acting Postmaster General.

ISAAC C. LEA, Esq.,

Sec'y U. S. and Central American Transit Co.,

No. 3 Bowling Green, New York city.

POST OFFICE DEPARTMENT,
Washington, September 29, 1859.

SIR: The Postmaster General having requested you, in his several communications, dated 6th July, 10th September, and 23d September, 1859, respectively, to furnish the department with full information, relative to the arrangements made by you for carrying out your contract for transporting the mails between New York, New Orleans, and San Francisco, *via* Nicaragua, and no answer having been received from you to either of said communications, you are hereby instructed to answer specifically the following inquiries:

1. What means have been provided by you for the execution of your contract for transporting the United States mail from New York and New Orleans to San Francisco, and back, *via* Key West and Nicaragua? and that you specify:

2. By what steamships, and by whom such ships are owned and commanded, the mails are to be transported from New York and New Orleans to and from the Isthmus of Nicaragua, and between San Francisco and the Isthmus of Nicaragua. Also, what steamboats and land carriages are provided for performing the services across the Isthmus of Nicaragua from San Juan Del Norte, thence by the river

San Juan and Lake Nicaragua to Virgin Bay, and thence to San Juan Del Sur, in the State of Nicaragua.

Your answers to the above inquiries must be handed to the postmaster of New York, or his chief assistant, by Monday next the 3d of October.

I am, very respectfully, your obedient servant,

HORATIO KING,
Acting Postmaster General.

DANIEL H. JOHNSON, Esq.,
Salem, Massachusetts.

POST OFFICE DEPARTMENT,
Washington, September 29, 1859.

[Duplicate.]

HORATIO KING,
Acting Postmaster General.

DANIEL H. JOHNSON, Esq.,
New York, New York.

POST OFFICE DEPARTMENT,
September 29, 1859.

SIR: I send you herewith a letter addressed to Daniel H. Johnson, contractor for the New York, New Orleans, and California mail service, which you will, *at the earliest moment practicable*, seal and place in his hands, if he is in Salem, and note the time, &c., of your complying with this instruction.

Respectfully, your obedient servant,

HORATIO KING,
First Assistant Postmaster General.

JOSEPH S. PERKINS, Esq.,
Postmaster, Salem, Massachusetts.

P. S. Similar request is made of the postmaster of New York by duplicate.

POST OFFICE DEPARTMENT,
September 29, 1859.

SIR: I send you herewith a letter addressed to Daniel H. Johnson, contractor for the New York, New Orleans, and California mail service, which you will seal and place in his hands (keeping evidence of the same) at the earliest moment practicable.

Very respectfully, your obedient servant,

HORATIO KING,
First Assistant Postmaster General.

ISAAC V. FOWLER, Esq.,
Postmaster, New York.

P. S. I have sent a duplicate, with similar instruction, to the postmaster of Salem, Massachusetts.

OFFICE AMERICAN, ATLANTIC, AND PACIFIC SHIP CANAL COMPANY,
28 Broadway, New York, September 30, 1859.

SIR: I deem it my duty, on behalf of the American, Atlantic, and Pacific Ship Canal Company, to apprise the department that the steamers Cass, Irisarri, Catherine Maria, and Laura Francis, in the service and under the control of this company, and the property of John P. Yelverton, Esq., (the president of this company,) now in the river San Juan and on the Lake of Nicaragua, will not be available for the conveyance of the United States mail to California, to leave on the 5th of October next.

Attempts have been made in Nicaragua to get control and possession of the lake steamer Cass, Irisarri, and the steamer Catherine Maria, but I am informed by the Hon. General Cass, Secretary of State, by a letter dated 26th of this month, addressed to me that the steamers Cass, Irisarri, and Catherine Maria had been claimed by George B. Slocum and William H. Place, but because they could not show a title of ownership their pretensions were not recognized by Nicaragua.

The steamer Laura Francis was in the possession of our agent, Mr. H. Dickson, according to a letter from him to me, dated San Juan del Norte 16th September, instant.

No application has been made to this company up to this date by any parties connected with the mail for the use of said steamers Cass, Irisarri, Laura Francis, and Catherine Maria, and this company has, in the most positive manner, instructed its agent in Nicaragua not to allow the said steamers to be used for any purpose of transit either of mails or passengers, except under direct orders from the undersigned, secretary of the American, Atlantic, and Pacific Ship Canal Company.

The documents of title to said steamers are all on the books of the custom-house in New York.

This company will afford no facilities to parties who have placed themselves in hostility to our company, both here and in Nicaragua, and who owning no boats of their own in the waters of Nicaragua, have used all means to obtain a surreptitious possession of property which does not belong to them.

We have a great interest in opening the Nicaragua route ourselves, and in due time we expect to do so.

I have the honor to remain, sir, your obedient servant,

J. E. BODY,
Secretary.

Hon. JOSEPH HOLT,
Postmaster General, Washington.

NEW YORK, October 4, 1859.

DEAR SIR: In consequence of the various reports touching the transportation of the United States mail to leave New York on the 5th instant, I tender to the department the use of my ships for the transportation of the whole, or any portion of the same, from New York to

California, at the same rate of pay as one voyage will bear to the whole number of trips to be made by me, under my contract of August 30, 1859, provided I should hereafter carry, or not, the mails under that contract.

Yours, respectfully,

C. VANDERBILT.

HORATIO KING, Esq.,
First Assistant Postmaster General.

[Dispatch.]

NEW YORK, *October 4, 1859.*

Is steamer Habana or other vessel ready to take California mails to-morrow, under the Johnson contract? Answer here.

HORATIO KING,
First Assistant Postmaster General.

TO POSTMASTER, *New Orleans, La.*

[Telegraph.]

NEW ORLEANS, *October 5, 1859.*

We are not advised of any arrangement for carrying the mails under the Johnson contract.

S. F. MARKS, *P. M.*

H. KING, *First Assistant Postmaster General.*

POST OFFICE, *New York, October 5, 1859.*

SIR: Up to this moment (10½, a. m.,) it is undetermined whether or not the bulk of the mails is to be sent under Johnson's contract, *via* Nicaragua; but, in any event, the mails for the South Pacific, &c., will go forward by Mr. Vanderbilt's steamer "Northern Light," and all mails that may be sent by that vessel to-day, as well as all mails which may be brought to Panama by the Vanderbilt line, you will be pleased to see conveyed across the Isthmus, at a compensation agreeably to one or other of your recent propositions, as the Postmaster General may hereafter elect. Of course, if the mail is so light as to come to less than the rate of \$100,000, payment will be made by the pound. Our agent at Panama is instructed to weigh them.

Very respectfully, your obedient servant,

HORATIO KING.

DAVID HOADLEY, Esq.,
President Panama Railroad Company, New York.

POST OFFICE, *New York, October 5, 1859.*

SIR: The mails to be taken by your ship to-day for the South Pacific, &c., you will pass over to the Panama Railroad Company in the usual manner, and the same with reference to any mails which may be brought by your line to Panama.

In the event of the entire failure of Johnson, your conditional contract will of course take effect at once, but if a portion only of the California mails are sent by your line to-day, as contemplated by your note of yesterday, it is to be done, as proposed in that note, without reference to your contract.

Very respectfully, your obedient servant,

HORATIO KING,

First Assistant Postmaster General.

CORNELIUS VANDERBILT, Esq.,

New York,

NEW YORK, *October 5, 1859.*

SIR: In view of the new expedition set on foot by General Walker, for the invasion of Nicaragua, I have thought that it might be unsafe to send the United States mails by that Isthmus.

Under the circumstances of the case, therefore, I have to request that the mails may be sent *via* Panama, and that I and the co-sureties may be released from any penalties under the contract made with D. H. Johnson, to carry the said mails *via* Nicaragua.

In no event shall any claim be made on the government for damages under said contract.

Respectfully yours,

GEORGE IRVING.

Witness:

I. V. FOWLER.

Hon. J. HOLT,

Postmaster General.

POST OFFICE, NEW YORK, *October 5, 1859.*

SIR: I am in receipt of your communication of this date, addressed to the Postmaster General, asking, for yourself and co-sureties, to be released from your liability under the contract executed in May last, by Daniel H. Johnson, as principal, and yourselves as sureties, for the transportation of the California mails between New York and New Orleans and San Francisco, *via* Key West and the Isthmus of Nicaragua, and agreeing, on your parts, that in no event shall any claim be made for damages on account of the contract not being carried out. In answer, I am instructed by the Postmaster General to accept your proposition and agree to its conditions.

Very respectfully, your obedient servant,

HORATIO KING,

First Assistant Postmaster General.

GEORGE IRVING, *Present.*

NEW YORK, *October*, 1859.

Memorandum.—Wrote to Mr. Vanderbilt to know if he can take mail from New Orleans for California to connect with the trip from New York to-day.

H. K.

Received verbal answer that he could not, as he had no vessel at New Orleans which could be used for that purpose; that he could have done it had he been notified a week or two ago; that the service will be regular from there, commencing with second trip in October.

H. K.

POST OFFICE, NEW YORK, *October* 5, 1859.

DEAR SIR: The Johnson contract is given up, they being unable to carry it out; and Vanderbilt's conditional contract for the California and other mails, of course, takes effect at once.

Very respectfully, your obedient servant,

HORATIO KING.

CHAS. L. WELLER, Esq.,
Postmaster, San Francisco, California.